



# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Ward and Members of the City Council

**THROUGH:** Richard Thompson, Interim City Manager

**FROM:** Bruce Moe, Finance Director

**DATE:** May 18, 2010

**SUBJECT:** Consideration of Award of Contract to IPS Group for the Purchase of 440 New Technology Parking Meters for an Amount Not to Exceed \$250,000 and Consideration of Delaying the June 2010 Scheduled Reinstatement of \$1.25 Per Hour On-Street Meter Rates, and the Implementation of Extended Hours of Operation, to Coincide with the Installation of the New Meters in July 2010

---

### RECOMMENDATION:

Staff recommends that the City Council: a) approve a contract with IPS Group for the purchase of 440 new technology parking meters for an amount not to exceed \$250,000; b) transfer \$250,000 from the CIP Fund to the Parking Fund and appropriate those funds from the Parking Fund to effect the purchase; c) approve delaying the June 2010 scheduled change in rates and hours of operation to coincide with the installation of the new meters, estimated to take place by late July 2010, d) authorize staff to develop and implement a loan program and transfer funds from the Parking Fund to the CIP Fund as part of the loan repayment program, and e) remove the placement of the change machines from the Downtown Parking Management Plan.

### FISCAL IMPLICATION:

This purchase is not budgeted in FY 2009-2010 and will require an appropriation of \$250,000 in the current fiscal year. Further, because the Parking Fund has insufficient funds to pay for this purchase, a loan from the CIP Fund is recommended in order to expedite this purchase. If approved, \$250,000 of CIP Funds will be transferred to the Parking Fund and appropriated, and repaid with interest (at the City's prevailing portfolio yield) from future parking meter revenues in the Parking Fund. The \$250,000 funding level provides sufficient capital to purchase new meters for all on-street locations citywide. Another \$600,000 is included in FY 2010-2011 to provide for a new technology meter solution in the City's parking lots (the preferred solution for parking lots has yet to be identified, and may not be determined for several more months).

### BACKGROUND:

In May 2009, the City Council approved a temporary rate reduction for all on-street parking meters from \$1.25 per hour to \$.75 per hour. That reduction was to have been in place for six months, at which time the rates were to revert to the \$1.25 per hour rate. In February 2010, after revisiting the

Parking Fund fiscal situation, the City Council voted to reinstate the \$1.25 rate effective June 2010. Additionally, the Council extended the hours of operation for all City street and lot meters by two hours per day to now include 8 AM to 9 AM, and 8 PM to 9 PM. These two actions will correct the funding deficiencies in the Parking Fund, including lack of capital repair funds and unfunded policy reserve levels, as well as allow for the future purchase of new technology meters.

**DISCUSSION:**

The City is currently testing new technology parking meters at the Pier parking lots. These new meters accept coins, credit cards, debit cards, and pay-by-cell (there is also an option for smart cards). Two manufacturers and solutions are being tested: a single space meter manufactured by IPS Group, and a multi-space meter from Duncan Solutions. These two companies were selected through a competitive Request for Proposal process. The trial is designed to determine which technology is best suited for two types of applications – street spaces and parking lots. The testing began in January 2010 and is scheduled to conclude in September 2010.

Our results so far indicate that the individual meters provided by IPS Group are performing above expectations, with the vendor being very responsive to our suggestions and requirements. However, we have had unsatisfactory results with the multi-space meter provided by Duncan. Further trials are necessary on the multi-space meters, with the possibility that a second (replacement) multi-space solution may be selected for testing. We have yet to test the parking sensors<sup>1</sup> from either company, although we will be receiving the test units from IPS this month. Duncan has yet to commit to the sensors for testing.

The Downtown Business and Professional Association (DBPA) has communicated with the Council and staff that the reinstatement of rates to \$1.25 requires the availability of alternative payment options such as those offered by the new technology meters. This will alleviate the need for visitors to carry the change necessary to feed the meters, and will also reduce the likelihood of patrons receiving parking citations from expired meters, which may alienate shoppers. As an alternative (and in the absence of the funding for new meters), the Council had authorized the placement of change machines in the downtown. However, due to convenience issues, the DBPA's preference is to not install those machines, and instead, find a way to expedite the installation of the new technology meters. DBPA and City staff concur that the installation of the new technology meters will resolve any issue with change availability. It will also eliminate the need for the City to purchase change machines as well as staff to service them (as a result, staff recommends eliminating this step from the Downtown Parking Management Plan).

Ideally, the meter solution for the downtown and on-street parking spaces would be selected at the conclusion of the Pier lot trials. However, staff is satisfied that the individual meters manufactured by IPS Group are performing well. Further, reference checks with the cities of Los Angeles, Laguna Beach and Huntington Beach, of which the latter two have tested the meters for 2-3 years in similar coastal environments, have rated the meters and the company very highly. Finally, staff

---

<sup>1</sup> The sensors are electronic devices that identify parking space usage and occupancy on a real time basis. This information can be used to identify expired meters at occupied spaces, zero out remaining time upon a vehicle departing and act as an electronic "chalking" device to enforce maximum parking time limits. City Council will approve the purchase and use of these devices before any implementation.

believes that the individual meter is the right solution for on-street parking because it provides the convenience necessary and is intuitive to use. For these reasons, staff recommends that we select IPS Group for the on-street metering solution. We further recommend that we defer any decision for parking lots until further testing can be completed on the multi-space metering options. Ultimately, we may recommend either solution (single or multi-space meters) for the lots.

It is important to note that with any change of metering technology, the ubiquitous “cash key” parking meter charging device will become obsolete. It will no longer be accepted in all meters citywide, and in fact, is not accepted in the Duncan (creators of the cash key) multi-space meter currently in trial. However, with the availability of credit/debit card payment options, we believe that cash key usage would naturally decline. There may be a future option to offer smart card technology as another payment card option. However, we will need to wait on the final metering selection for parking lots to determine if a universal smart card solution is viable (since we would not want to have multiple smart cards based on type of meter and location). Staff is prepared to refund all deposits and unused cash key credit upon request.

IPS Group has indicated that delivery of the on-street meters can take place by the first week of July. Installation can be completed by the end of July. If Council approves the contract and implementation plan, the reinstated rates and additional hours will commence with the installation of meters. Delaying the implementation of rates and hours to coincide with the new meters also reduces the amount of labor required to update each meter twice – once in June to change the rates, and again in July when installing the new meters.

#### *Funding*

With the increased revenue expected from the rate and hour change, it is anticipated that the Parking Fund would have sufficient capital to purchase the on-street meters within a few years. However, given the desire to expedite the new technology meters as a convenience and customer service enhancement, staff recommends that the funds required for the meters (both on-street and parking lots) be borrowed from the CIP Fund, and repaid as a loan over time, with interest at the City’s portfolio yield. The estimated \$850,000 total cost (of which \$250,000 is immediate, and the remaining \$600,000 to be determined and funded when the lot solution is selected) is available in the CIP Fund from the Underground Assessment District Loan Program reserve. This reserve has \$966,000 of which expenditures for program participants annually totals approximately \$7,000. Reducing that reserve by \$850,000 results in a balance of approximately \$116,000, which is sufficient for the current loans going forward.

Staff recommends that the City Council authorize staff to develop and implement a loan program, and transfer funds from the Parking Fund to the CIP Fund as part of a loan repayment program. The repayment of the debt would be amortized over a period of time, with the necessary inter-fund transfers being executed administratively by the Finance department. We anticipate that the loan will take 6 years to repay with annual payments of \$150,000 (using an average interest rate of 1.5% to 2.5%).

#### **Conclusion:**

The reinstated parking meter rates require patrons and visitors to either carry more change than the current rate, or have one of the cash key devices. Installing new technology meters will provide alternatives payment methods such as credit and debit cards, as well as a pay-by-cell option. While

the current test of new technology meters at the Pier parking lot have yet to be completed, staff believes that the single meter solution provided by IPS Group has tested well. When coupled with positive references from the cities of Los Angeles, Laguna Beach and Huntington Beach, which have used the meters for 2-3 years with excellent results, the IPS solution is a good choice for the on-street meters citywide. A funding plan (loan from the CIP Fund) has been developed which will allow for the immediate purchase of these meters despite insufficient funding availability in the Parking Fund. If the purchase is approved, we anticipate installation by the end of July 2010, at which time, the meter rates and hours will be adjusted.